GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3788
ANSWERED ON:30.04.2007
AMENDMENT IN FORWARD CONTRACT BILL, 2006
Rao Shri Kavuru Samba Siva

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the main recommendations of the Standing Committee regarding amendments to the Forward Contract Bill, 2006, alongwith the present status thereof;

(b) the steps taken to regulate farm product prices to safeguard the interests of the farmers and consumers;

(c) the current status of the proposal to provide single regulatory framework for the spot and commodity market, appoint eminent persons from marketing and farming on regulatory authority and to have an Act to regulate and stabilize prices of agricultural commodities, check speculation in agricultural commodities to protect the interests of farmers; and

(d) the time by which it is likely to be finalised?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN)

(a) : The Standing Committee on Food, Consumer Affairs and Public Distribution has, inter alia, recommended changes in the provisions of the Forward Contracts(Regulation) Amendment Bill, 2006 relating to composition of the Forward Markets Commission (FMC), qualification and selection of the Members of FMC, constitution of the selection committee to recommend Chairman and Members of FMC, constitution of a separate Appellate Tribunal, quantum of fine, grant of exemption from Wealth Tax and Income Tax to FMC etc. The recommendations of the Standing committee are under consideration of the Government.

(b) : The Government's price policy for agricultural commodities, inter-alia, seeks to ensure stabilization of prices. In this regard, the Government announces Minimum Support Prices (MSPs) for major crops. MSPs enable the farmers to sell their produce at remunerative prices whenever the market prices tend to fall below the MSP. The Government also implements the Market Intervention Scheme (MIS) in respect of the agricultural commodities which are not covered under the MSP scheme. Under MIS, procurement operations are permitted to be carried out by the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) or State designated agencies on the request of the State Governments to prevent distress sale by farmers of their produce in the event of glut, provided the concerned State Governments undertake to share the losses in such operations. As a part of the process of reforms in agricultural marketing in order to make it more vibrant and competitive, the Central Government had drafted a Model Act on Agricultural Marketing which, inter alia, provided for the establishment of direct purchase centres and farmers' markets for direct sale to consumers. Besides, such a marketing system would ensure complete transparency in the pricing system. While some of the State Governments have amended the Agricultural Produce Marketing Committee Act, some other States have initiated action for making amendments to the Act.

(c) & (d): The Standing Committee on Food, Consumer Affairs and Public Distribution have recommended that the spot market and futures market need to be placed under the same regulatory framework. The Committee has further recommended that in order to bring in better coordination and synergy between spot trading and futures market, this subject needs to be placed under the Union or Concurrent List by amending the Constitution of India suitably. These recommendations are under consideration of the Government.